PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

M E M O R A N D U M

TO: Belmont Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made in equal installments on July 1 and January 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.40% to 7.15%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Enc.

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Funding Schedule – 7.15% Investment Return Assumption

Fully Funded by June 30, 2031
Appropriations Increase by 4.45% Per Year

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2003 ERI Liability	(4) Amortization of Remaining Unfunded Liability	(5) Actuarially Determined Contribution (ADC): (2) + (3) + (4)	(6) Total Unfunded Accrued Liability at Beginning of Fiscal Year	(7) Percent change from prior year
2021	$2,256,228	$90,551	$8,437,264	$10,784,043	$82,281,408	--
2022	2,331,374	94,627	8,837,932	11,263,933	79,183,381	4.45%
2023	2,409,009	98,885	9,257,284	11,765,178	75,437,584	4.45%
2024	2,489,217	103,334	9,696,177	12,288,728	70,977,834	4.45%
2025	2,572,080	107,983	10,155,513	12,835,577	65,732,301	4.45%
2026	2,657,688	0	10,749,072	13,406,760	59,623,062	4.45%
2027	2,746,131	0	11,257,229	14,003,360	52,565,624	4.45%
2028	2,837,502	0	11,789,008	14,626,510	44,468,408	4.45%
2029	2,931,897	0	12,345,493	15,277,390	35,232,194	4.45%
2030	3,029,417	0	12,927,817	15,957,234	24,749,523	4.45%
2031	3,130,164	0	13,128,783	16,258,947	12,904,062	1.89%
2032	3,234,244	0	0	3,234,244	0	-80.11%

Notes:
Actuarially determined contribution for fiscal year 2021 is set equal to the budgeted amount determined with the prior valuation.
Actuarially determined contributions are assumed to be paid in equal installments on July 1 and December 31.
Item (2) reflects 3.0% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.
Item (3) increases at 4.50% per year.
Projected normal cost does not reflect the future impact of pension reform for future hires.
Projected unfunded actuarial accrued liability does not reflect deferred investment gains.